

City Council Questions
September 18, 2012 Council Meeting

**ITEM 7.1 FINAL AGREEMENT WITH RECOLOGY MOUNTAIN VIEW
FOR RECYCLABLE MATERIALS, ORGANIC MATERIALS AND SOLID
WASTE SERVICES**

1. Will the agreement come back to Council for final approval?

We do not plan to return to Council again. The action requested by the Council is to authorize the City Manager to sign the final agreement, which will likely happen in October. The staff report highlights the services to be covered under the agreement.

2. Enhanced Recycling Program: What constitutes the enhancement compared to what is mentioned in the base services? (Page 4 of the report)

Under base services, Recology only collects recycling from businesses and multi-family complexes that request containers, but does not provide technical or educational assistance to those customers. Currently, City staff dedicate about .25 FTE to outreach and technical assistance for commercial, multi-family, and school recycling and the organics pilot. The enhanced program will switch this responsibility to Recology, who will dedicate 1.0 FTE. In the enhanced program, Recology will proactively ensure that every business, multi-family complex, school and special event is provided the opportunity to recycle, and will target non- and under-diverting customers first. A full description of the program is provided in Attachment 4 of the June 19, 2012 Study Session report.

3. Fuel pricing depends on the type of vehicle used and on routes. How can we build into the agreement an inducement for Recology to use optimally efficient trucks and routes? (Page 5 of the report)

The new indices (fuel, labor and vehicle maintenance) help staff to monitor the reasonableness of Recology's expenses. Because any requested increases in these expenses must track to inflationary indices, Recology is internally motivated to keep their expenses in check, as they are not automatically guaranteed reimbursement. In addition, we benchmarked Recology's route efficiency levels and find them currently to be in line with industry averages (Attachment 1 of June 19, 2012 Study Session report).

4. Are recycling chutes standard in new developments? (Page 6 of the report)

Chutes are not a requirement for multi-family developments, but multi-story developments usually include them. However, in accordance with a State law that requires developments to provide space for recycling that is at least as convenient as trash space, developments that want to use trash chutes are informed that they must either also put in recycling chutes, or place recycling carts in every trash chute vestibule. Most developments prefer the recycling chutes.

a) What proportion of our multi-family housing stocks has these chutes?

For recycling, currently only a handful. I don't know how many older developments have only trash chutes. Based on the number of high-density, multi-story developments under construction and in the pipeline, I estimate that about 5% of complexes will have trash and recycling chutes by 2016.

b) 4,975 tons as diversion benchmark: What was this number based on and how does it compare to our neighboring cities?

This number was developed by Recology based on a number of assumptions about how many commercial and multi-family customers are not recycling, how many are under recycling, the waste characterization data (which tells how much of each material type is being put in the trash that could be captured), and other factors. It was compared against the estimates developed for the Zero Waste Plan analysis, which take into consideration performance from a large number of communities that HF&H tracks in a master data base, and compared favorably. I can't tell you how that directly compares to our neighboring cities without researching specific comparative data from those cities.

5. "Buddy Bags and Slim Jims": Did staff deem that this service would not result in improved recycling? (Page 7 of the report)

Staff thinks the provision of buddy bags to multi-family customers and slim jims to commercial organics customers is a great incentive and Recology will provide this service. The staff report only meant to point out that in the original cost proposal, the cost of these items was passed through to the City. However, Recology had indicated in a letter to the Council, when the decision about bidding the contract was being made, that they would be provided at no cost. During the negotiations, it was agreed that the cost would be removed, but the service will still be provided (at no cost to the City).

6. 6 to 10 percent annual rate of return: Do we know how this compares to contracts with neighboring cities? (Page 8 of the report)

As noted in the September 20, 2011 Study Session report on compensation considerations, it is very difficult to make direct comparisons due to variations in services provided and compensation calculations. However, the haulers for Palo Alto and Sunnyvale provide somewhat similar services to those provided in Mountain View and none have trash processing and disposal agreements through their haulers, so they provide a reasonable comparison. The rates of return for Palo Alto and Sunnyvale are approximately equivalent to 12 percent and 8.5 percent, respectively.

7. Cost to transfer and compost 5,900 tons of commercial organics:

How is this proposed to be funded? Why is this not included in the collection cost? Could the finished compost generate revenue? (Page 10 of the report)

It will be funded from the Solid Waste Fund, budgeted in the Public Works Department operating budget, similar to the SMaRT Station and organics pilot. The cost is factored in to the rates to ensure revenue offset. It is not included in the collection cost because it

is a processing cost, paid on a per ton basis, similar to the SMaRT Station. The cost to collect the material and haul it to Recology's transfer facility in San Jose is included in Recology Mountain View collection compensation (the same way that collecting and hauling trash to the SMaRT Station is included). However, the \$63.50 transfer and composting cost (to haul it from San Jose to Gilroy and compost it there) will be paid to an affiliated company. The \$63.50 price factors in revenue from compost sales.

8. Slim Jims and Recycling Buddies mentioned in Conclusion paragraph as delivered at no cost : This however is not happening, is it? (Page 13 of the report)

As mentioned above, it is happening, at no cost to the City. The savings noted in the staff report indicates the reduction from Recology's original cost proposal as compared to the final negotiated cost.

9. For the three new Zero Waste services diverting 5,150 tons with Year 1 costs of \$935,118, is \$181/ton a valid comparison to other per ton costs? How much does the 5,150 diversion increase total diversion (tons or percent)?

As compared to other potential services reviewed by Council, \$181 per ton diverted is at the low end of the range. For example, diversion from the optional "weekly recycling services" program is estimated at 530 tons. With a program cost of \$398,512, the diversion cost equals \$751 per ton, which is at the high end of the range. Since the State no longer tracks diversion rates, there is no way to determine a precise diversion percentage. However, if we presume that the prior 4 year disposal average of 56,600 tons per year is equivalent to a diversion rate of 73%, then a reduction in disposal of 14,600 tons would be needed to reach an equivalent diversion rate of 80%, the interim Zero Waste goal. Using that as a basis, the 5,150 diverted tons would increase the diversion rate from 73% to 75.5%. The Zero Waste plan is likely to recommend tracking progress in terms of landfill disposal reduction. In that case, 5,150 represents a 10% reduction in landfill disposal, as compared to the 4-year average, or 35% of the target 14,600 ton reduction.

10. For the targeted multi-family yard trimmings collection (little no cost to City), are there costs to customers? Will individual complexes have the option of either accepting and paying for additional the additional collection or declining?

There is no cost or charge to customers for the multi-family yard trimmings collection program. Participation by individual complexes in the program will be optional.